

14429

(2)

NEW NUMBER

RECORDATION NO. 1425

ICC OFFICE OF  
THE SECRETARY  
SEP 20 1984 - 11:10 AM

- 14

Agatha L. Mergenovich  
Secretary  
Interstate Commerce Commission  
Washington, D. C. 20423

SEP 20 11 41 AM 1984 INTERSTATE COMMERCE COMMISSION

MOTOR OPERATING UNIT

RECORDATION NO. 14429/1425

Dear Ms. Mergenovich:

SEP 20 1984 - 11:10 AM

Enclosed for recordation under the provisions of INTERSTATE COMMERCE COMMISSION Section 11303 of Title 49 of the U.S. Code are the original and four counterparts of a Security Agreement dated as of July 15, 1984 and a Security Agreement Supplement No. 1 dated as of September 24, 1984. The Security Agreement is a primary document and the Security Agreement Supplement No. 1 is a secondary document.

A general description of the railroad maintenance-of-way equipment covered by the enclosed documents and intended for use related to interstate commerce is set forth in Schedule 1 attached to this letter and made a part hereof.

The names and addresses of the parties to the Security Agreement and the Security Agreement Supplement No. 1 are as follows:

Debtor:	The Connecticut National Bank, as Trustee under Southern Pacific Transportation Company Trust No. 84-1 777 Main Street Hartford, Connecticut 06115 Attention: Bond and Trust Department
Secured Party:	Mercantile-Safe Deposit and Trust Company 2 Hopkins Plaza P. O. Box 2258 Baltimore, Maryland 21203 Attention: Corporate Trust Department

The undersigned is the Debtor mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the original and any extra copies of the Security Agreement and the Security Agreement Supplement No. 1 not needed by the Commission for recordation to Elizabeth L. Majers, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

4-264A081

No.             
Date SEP 20 1984Fee \$ 20.00

ICC Washington, D.C.

C.T. Hendler

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A short summary of the enclosed primary document to appear in the Index as follows:

Security Agreement between The Connecticut National Bank, as Trustee under Southern Pacific Transportation Company Trust No. 84-1, as Debtor, 777 Main Street, Hartford, Connecticut 06115, Attention: Bond and Trust Department and Mercantile-Safe Deposit and Trust Company, as Secured Party, 2 Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, Attention: Corporation Trust Department covering railroad maintenance-of-way equipment.

A short summary of the enclosed secondary document to appear in the Index as follows:

Security Agreement Supplement No. 1 to the Security Agreement between The Connecticut National Bank, as Trustee under Southern Pacific Transportation Company Trust No. 84-1, as Debtor, 777 Main Street, Hartford, Connecticut 06115, Attention: Bond and Trust Department and Mercantile-Safe Deposit and Trust Company, as Secured Party, 2 Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, Attention: Corporation Trust Department covering railroad maintenance-of-way equipment.

Very truly yours,

THE CONNECTICUT NATIONAL BANK,  
as Trustee under Southern  
Pacific Transportation Company  
Trust No. 84-1

By  
Its

  
TRUST OFFICER

Enclosures

14429  
REGISTRATION NO. .... Filed 1425  
SEP 20 1934  
INTERSTATE COMMERCE COMMISSION

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**SECURITY AGREEMENT-TRUST DEED**

Dated as of July 15, 1984

From

**THE CONNECTICUT NATIONAL BANK**, not in its individual  
capacity but solely as trustee under  
Southern Pacific Transportation Company Trust No. 84-1

DEBTOR

To

**MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY**

SECURED PARTY

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(Southern Pacific Transportation Company Trust No. 84-1)

## TABLE OF CONTENTS

Section	Heading	Page
Parties .....		1
Recitals .....		1
1.	Grant of Security .....	3
1.1.	Equipment Collateral .....	3
1.2.	Rental Collateral .....	3
1.3.	Limitations to Security Interest .....	4
1.4.	Duration of Security Interest .....	4
1.5.	Expected Rights in Collateral .....	4
2.	Covenants and Warranties of the Debtor .....	5
2.1.	Debtor's Duties .....	5
2.2.	Warranty of Title .....	5
2.3.	Further Assurances .....	5
2.4.	After-Acquired Property .....	6
2.5.	Recordation and Filing .....	6
2.6.	Modifications of the Lease .....	6
2.7.	Power of Attorney in Respect of the Lease .....	6
2.8.	Notice of Default .....	7
3.	Escrow Fund; Possession, Use and Release of Property .....	7
3.1.	Deposits Into Escrow Fund .....	7
3.2.	Investment of the Escrow Fund .....	7
3.3.	Disbursements from the Escrow Fund .....	7
3.4.	Conditions to Disbursements from the Escrow Fund .....	8
3.5.	Disbursement of Excess Funds .....	8
3.6.	Status of the Escrow Fund .....	9
3.7.	Possession of Collateral .....	9
3.8.	Release of Property .....	9
3.9.	Release of Property upon Payment .....	9
3.10.	Protection of Purchaser .....	10
4.	Application of Assigned Rentals and Certain Other Moneys Received by the Secured Party .....	10
4.1.	Application of Rents and Other Payments .....	10
4.2.	Prepayment of Series A Interim Notes .....	12
4.3.	Multiple Notes .....	12
4.4.	Default .....	12
4.5.	Prepayments .....	12

5.	Defaults and Other Provisions .....	13
5.1.	Events of Default .....	13
5.2.	Secured Party's Rights .....	13
5.3.	Certain Rights of the Debtor on the Occurrence of an Event of Default Under the Lease .....	15
5.4.	Acceleration Clause .....	16
5.5.	Waiver by Debtor .....	16
5.6.	Effect of Sale .....	16
5.7.	Application of Sale Proceeds .....	17
5.8.	Discontinuance of Remedies .....	17
5.9.	Cumulative Remedies .....	17
6.	Limitations of Liability .....	18
7.	The Secured Party .....	18
7.1.	Certain Duties and Responsibilities of Secured Party .....	19
7.2.	Certain Limitations on Secured Party's Rights to Compensation and Indemnification .....	20
7.3.	Certain Rights of Secured Party .....	20
7.4.	Showings Deemed Necessary by Secured Party .....	22
7.5.	Status of Moneys Received .....	22
7.6.	Resignation of Secured Party .....	22
7.7.	Removal of Secured Party .....	22
7.8.	Successor Secured Party .....	22
7.9.	Appointment of Successor Secured Party .....	22
7.10.	Merger or Consolidation of Secured Party .....	23
7.11.	Conveyance Upon Request of Successor Secured Party .....	23
7.12.	Acceptance of Appointment by Successor Secured Party .....	23
8.	Supplemental Security Agreements; Waivers .....	23
8.1.	Supplemental Agreements Without Noteholders' Consent .....	23
8.2.	Waivers and Consents by Noteholders; Supplemental Agreements with Noteholders' Consent .....	24
8.3.	Notice of Supplemental Security Agreements .....	24
8.4.	Opinion of Counsel Conclusive as to Supplemental Security Agreements .....	25
9.	Miscellaneous .....	25
9.1.	Execution .....	25
9.2.	Payment of the Notes .....	25
9.3.	The Register .....	25
9.4.	Transfers and Exchanges of Notes; Lost or Mutilated Notes .....	26
9.5.	The New Notes .....	27

9.6.	Cancellation of Notes .....	28
9.7.	Owner .....	28
9.8.	Successors and Assigns .....	28
9.9.	Partial Invalidity .....	28
9.10.	Communications .....	29
9.11.	Release .....	29
9.12.	Governing Law .....	29
9.13.	Counterparts .....	29
9.14.	Headings .....	30
Signatures .....		30

**Attachments to Security Agreement:**

Schedule 1	-	Description of Equipment
Exhibit A	-	Form of Series A Interim Secured Note
Exhibit B-1	-	Form of Series A Term Secured Note (Registered)
Exhibit B-2	-	Form of Series A Term Secured Note (Order)
Exhibit B-3	-	Form of Series B Secured Note (Registered)
Exhibit B-4	-	Form of Series B Secured Note (Order)
Exhibit C	-	Security Agreement Supplement

## **SECURITY AGREEMENT-TRUST DEED**

**THIS SECURITY AGREEMENT-TRUST DEED** dated as of July 15, 1984 (this "Security Agreement") is from **THE CONNECTICUT NATIONAL BANK**, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under the Trust Agreement dated as of July 15, 1984 (the "Trust Agreement") between the Debtor and **NCNB LEASE INVESTMENTS, INC.**, a North Carolina corporation (the "Trustor"), with Debtor's post office address being 777 Main Street, Hartford, Connecticut 06115, Attention: Bond and Trustee Administration, to **MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY**, as security trustee (the "Secured Party"), whose post office address is 2 Hopkins Plaza, P.O. Box 2258, Baltimore, Maryland 21203, Attention: Corporate Trust Department.

### **R E C I T A L S:**

A. The Debtor and the Secured Party have entered into a Participation Agreement dated as of July 15, 1984 (the "Participation Agreement") with Southern Pacific Transportation Company, a Delaware corporation (the "Lessee"), the Trustor and the institutional investors named on Schedule 2 thereto (the "Note Purchasers") providing for the commitment of the Note Purchasers to purchase:

(i) On the Deposit Date (as defined in the Participation Agreement), 13% Secured Interim Notes, Series A, due February 1, 1985 (the "Series A Interim Notes") in an aggregate principal amount not to exceed \$10,057,760.49, to be dated the date of issue, to bear interest on the unpaid principal amount thereof at the rate of 13% per annum prior to maturity on the from time to time outstanding principal amount thereof in installments payable on October 2, 1984, January 2, 1985 and February 1, 1985 and to be expressed to mature on February 1, 1985.

(ii) On each Closing Date (as defined in the Participation Agreement), in partial payment of the outstanding principal amount of the Series A Interim Notes, 13% Secured Notes, Series A due 1985-1988 (the "Series A Term Notes") in an aggregate principal amount not to exceed \$10,057,760.49, to be dated the date of issue, to bear interest on the unpaid principal amount thereof at the rate of 13% per annum prior to maturity, to be payable in one installment of interest only followed by consecutive quarterly installments, including both principal and interest, payable in accordance with the amortization schedule set forth in the Security Agreement Supplement (as hereinafter defined) executed and delivered by the Debtor on the Closing Date on which such Notes are issued and to be expressed to mature on July 2, 1988. Series A Term Notes issued prior to the First Base Lease Commencement Date (as defined in the Participation Agreement) shall be payable in one installment of interest only, payable on October 2, 1984, followed by fifteen (15) consecutive quarterly installments, including both principal and interest, payable on January 2, 1985 and on the second day of April, July, October and January thereafter to and including July 2, 1988. Series A Term Notes issued after the First Base Lease Commencement Date and prior to the Second Base Lease Commencement

Date (as defined in the Participation Agreement) shall be payable in one installment of interest only, payable on January 2, 1985, followed by fourteen (14) consecutive quarterly installments, including both principal and interest, payable on April 2, 1985 and on the second day of each July, October, January and April thereafter to and including July 2, 1988. Series A Term Notes issued after the Second Base Lease Commencement Date and prior to the Third Base Lease Commencement Date (as defined in the Participation Agreement) shall be payable in one installment of interest only payable on April 2, 1985, followed by thirteen (13) consecutive installments, including both principal and interest, payable on July 2, 1985 and on the second day of each October, January, April and July thereafter to and including July 2, 1988.

(iii) On each Closing Date, 13.375% Secured Notes, Series B, due 1988-1990 (the "Series B Notes") in an aggregate principal amount not to exceed \$6,286,090.10, to be dated the date of issue, to bear interest on the unpaid principal amount thereof at the rate of 13.375% per annum prior to maturity and to be payable in installments of interest only payable on January 2, April 2, July 2 and October 2 commencing with the first of such dates next following the date of issue to and including July 2, 1988, followed by nine (9) consecutive quarterly installments, including both principal and interest, payable in accordance with the amortization schedule set forth in the Security Agreement Supplement executed and delivered by the Debtor on the Closing Date on which such Notes are issued, payable on October 2, 1988 and on the second day of each January, April, July and October thereafter to and including October 2, 1990.

The Series A Interim Notes will be substantially in the form attached hereto as Exhibit A. The Series A Term Notes and Series B Notes will be substantially in the form attached hereto as Exhibits B-1 through B-4. The Series A Interim Notes and Series A Term Notes are hereinafter collectively referred to as the "Series A Notes". The Series A Notes and the Series B Notes are hereinafter collectively referred to as the "Notes". The Series A Notes and Series B Notes attached hereto as Exhibits B-1 and B-3 are referred to as the "Registered Notes", and the Series A Notes and Series B Notes attached hereto as Exhibits B-2 and B-4 are referred to as the "Order Notes".

B. The Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law relating to the transaction contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

D. Following the execution and delivery of this Security Agreement, the Debtor and the Secured Party will from time to time, including without limitation on each Closing Date under the Participation Agreement and on each Base Lease Commencement Date under the Lease, enter into security agreement supplements substantially in the form of Exhibit C attached hereto ("Security Agreement Supplements") for the purpose of more



fully describing the units of equipment which are or are to become subject to the lien hereof and/or to set forth the amortization schedules relating to the Notes issued or to be issued and outstanding hereunder.

## **SECTION 1. GRANT OF SECURITY.**

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all of the Debtor's covenants and conditions in the Notes and in this Security Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant to the Secured Party, its successors in trust and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof, subject always to those limitations set forth in Section 1.3 hereof and to Excepted Rights in Collateral as defined in Section 1.5 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the Collateral).

**1.1. Equipment Collateral.** Collateral includes the units of equipment generally described in Schedule 1 attached hereto and made a part hereof and more specifically described in Security Agreement Supplements (collectively, the "Equipment" and, individually, an "Unit" or "Unit of Equipment") constituting Equipment leased and delivered under the Equipment Lease Agreement dated as of July 15, 1984 (together with all supplements and amendments thereto the "Lease") between the Debtor, as lessor, and Southern Pacific Transportation Company, a Delaware corporation (the "Lessee"), as lessee, together with all accessories, equipment, parts, appurtenances and other equipment from time to time belonging to, or owned by, the Debtor (and not owned by the Lessee pursuant to the terms of the Lease) and appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of, and additions, improvements, accessions and accumulations to, any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom.

**1.2. Rental Collateral.** Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation:

(a) the immediate and continuing right to receive and collect all rental payments, stipulated loss value payments, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Debtor, as lessor under the Lease, except those sums reserved as Excepted Rights in Collateral under Section 1.5 hereof;

(b) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or any provision thereof except with respect to Excepted Rights in Collateral under Section 1.5 hereof; and

(c) the right to take such action upon the occurrence of an Event of Default under the Lease, or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease, as the case may be, or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that, subject always to Excepted Rights in Collateral (as defined in Section 1.5 hereof), the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all rental payments, stipulated loss value payments and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

**1.3. Limitations to Security Interest.** The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee in and to the Equipment under the Lease so long as no Event of Default under the Lease, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default under the Lease shall have occurred and be continuing, (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith and (c) liens of mechanics, materialmen and laborers for work or service performed or materials furnished which are not yet due and payable (collectively "Permitted Encumbrances").

**1.4. Duration of Security Interest.** The Secured Party, its successors in trust and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Participation Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise this Security Agreement shall remain in full force and effect.

**1.5. Excepted Rights in Collateral.** There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 11 of the Lease or repayments of interest under Section 22 which by the terms of any of such sections of the Lease, as the case may be, are payable to or for the benefit of the Debtor for its own account or the Trustor for its own account;

(b) all rights of the Debtor and the Trustor under the Lease or in law to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor or the Trustor on account of any such indemnities or

payments, provided that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 15 of the Lease except those contained in Section 15.1(a) thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 7 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to or for the benefit of the Debtor for its own account or the Trustor for its own account.

## **SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.**

The Debtor covenants, warrants and agrees as follows:

**2.1. Debtor's Duties.** The Debtor covenants and agrees well and truly to perform, abide by and be governed and restricted by each and all of its covenants and agreements set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of its covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein and in the other Operative Agreements (as defined in the Participation Agreement), and no implied obligations or covenants on the part of the Debtor shall be read into this Security Agreement or any other of the Operative Agreements.

**2.2. Warranty of Title.** The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor, excepting only the lien of this Security Agreement and Permitted Encumbrances. The Debtor also agrees that it will, at its own cost and expense, without regard to the provisions of Section 6 hereof, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral arising by, through or under the Debtor not related to or connected with the ownership of the Equipment or any transaction pursuant to the Operative Agreements. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

**2.3. Further Assurances.** The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired, and requested in writing by the Secured Party. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of the assignment hereunder and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease other than those

relating to Excepted Rights in Collateral directly to the Secured Party or as the Secured Party may direct in writing.

**2.4. After-Acquired Property.** Any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Debtor and which is not owned by the Lessee pursuant to the terms of the Lease shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

**2.5. Recordation and Filing.** The Debtor will cause this Security Agreement and all supplements hereto, the Lease, all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such place as may be requested in writing by the Secured Party in order to fully preserve and protect the rights of the Secured Party hereunder. Without limiting the foregoing, the Debtor shall take all such other actions required by law or reasonably requested by the Secured Party for the purpose of evidencing, perfecting or preserving the security interest of the Secured Party granted in such Units of Equipment.

**2.6. Modifications of the Lease.** The Debtor will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

(b) receive or collect any rental payment or any other sum under the Lease prior to the date for payment thereof provided for by the Lease, as the case may be, or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

**2.7. Power of Attorney in Respect of the Lease.** The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned to the Secured Party under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and

preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

**2.8. Notice of Default.** The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if the Debtor has actual knowledge of such event or condition.

### **SECTION 3. ESCROW FUND; POSSESSION, USE AND RELEASE OF PROPERTY.**

**3.1. Deposits Into Escrow Fund.** The Secured Party hereby agrees to accept the proceeds of the Series A Interim Notes deposited with the Secured Party by the Series A Note Purchasers (as such term is defined in the Participation Agreement) pursuant to Section 2.3 of the Participation Agreement (the "Escrow Fund"). The Escrow Fund shall be held in trust by the Secured Party and withdrawn and applied only for the purposes set forth in the following Sections 3.2 to 3.6, inclusive.

**3.2 Investment of the Escrow Fund.** So long as no Event of Default or event which with the giving of notice or the lapse of time or both could become such an Event of Default shall have occurred and be continuing to the knowledge of the Secured Party, it shall, upon the written direction of the Lessee and at the expense of the Lessee, invest and reinvest the Escrow Fund in: (a) direct obligations of the United States of America, or any agency thereof provided that the obligations of such agency are backed by the full faith and credit of the United States of America, maturing not more than 90 days from the date of such investment, (b) repurchase agreements collateralized by direct obligations of the United States of America and (c) commercial paper having the highest credit rating of a nationally recognized securities rating service and maturing not more than 270 days from the date of creation thereof (such governmental obligations, repurchase agreements and commercial paper being hereinafter called the "Investments"), as may be specified in any such direction. Upon any sale or payment of any Investment, the proceeds thereof, plus any interest received by the Secured Party thereon shall be held by the Secured Party as part of the Escrow Fund. The amount by which such proceeds exceed the cost of the Investment, including accrued interest and earned discount, is referred to in this Section 3 as a "Gain". The amount by which the cost of the Investment, including accrued interest and earned discount, exceed such proceeds is referred to in this Section 3 as a "Loss". Not more than three business days after its receipt of the proceeds of any sale or payment of an Investment, the Secured Party will send a notice to the Lessee, by first-class mail, postage prepaid (with duplicate copies to the Debtor and the Trustor) of the amount of the Gain or Loss resulting from such sale or payment.

**3.3. Disbursements from the Escrow Fund.** (a) On each Closing Date referred to in Section 2.3 of the Participation Agreement (such dates being hereinafter referred to as "Disbursement Dates"), the Secured Party will make disbursements from the Escrow Fund in the amount required by Section 2.3 of the Participation Agreement, which amount shall be applied by the Secured Party to the payment to the manufacturers of the Equipment.

(b) October 2, 1984 and January 2, 1985 are referred to herein individually as the "First Interest Payment Date" and the "Second Interest Payment Date", respectively, and collectively as the "Interest Payment Dates". Three business days prior to the First and the Second Interest Payment Date the Secured Party shall deliver (or send by first class mail postage prepaid) to the Debtor, the Trustor, the Lessee and the Note

Purchasers notices of the total amount of all Gains realized and all Losses incurred during the period from and including the Deposit Date to but not including the date of such notice in the case of the First Interest Payment Date, and incurred on and after the First Interest Payment Date and prior to the date of such notice in the case of the Second Interest Payment Date. If Gains exceed Losses for either such period, computed in each case on a cumulative basis with respect to all Investments, the amount of such excess shall constitute an "Escrow Gain" which shall be held and applied by the Secured Party as provided in this Section 3.3. If Losses exceed Gains for either such period, computed in each case on a cumulative basis with respect to all Investments, the amount of such excess shall constitute an "Escrow Loss." Pursuant to Section 2.1(c)(ii) of the Lease, the Lessee shall on each Interest Payment Date pay to the Secured Party as other rent an amount equal to the Escrow Loss for the related period plus any amount in excess of the Escrow Gain for such period necessary to pay the interest on the Series A Interim Notes as hereinafter provided and such payment shall be held and applied by the Secured Party as part of the Escrow Fund. On each Interest Payment Date the Secured Party shall pay to the Series A Note Purchasers interest on the Series A Interim Notes at the rate of 13% per annum (computed on the basis of a 360-day year of twelve 30-day months) on the difference between the from time to time outstanding principal amount of the Series A Interim Notes and the from time to time outstanding principal amount of the Series A Term Notes issued during the period from and including the Deposit Date (as defined in the Participation Agreement) to but not including the First Interest Payment Date (the "First Interest Period"), such interest to be payable for the First Interest Period on the First Interest Payment Date, and on the difference between the from time to time outstanding principal amount of the Series A Interim Notes and the from time to time outstanding principal amount of the Series A Term Notes issued during the period from and including October 2, 1984 to but not including January 2, 1985 (the "Second Interest Period"), such interest to be payable for the Second Interest Period on the Second Interest Payment Date.

**3.4. Conditions to Disbursements from the Escrow Fund.** The disbursement by the Secured Party from the Escrow Fund on each Disbursement Date shall be subject to the satisfaction of the conditions specified in Section 4.2 of the Participation Agreement.

**3.5. Disbursement of Excess Funds.** February 1, 1985 is referred to herein as the "Cut-Off Date". In the event that on February 1, 1985, there is a balance in the Escrow Fund which has not theretofore been disbursed pursuant to Section 3.2(a) hereof the Secured Party shall on February 1, 1985 sell all Investments then held by the Secured Party. On or before January 28, 1985, the Secured Party shall deliver (or send by first-class mail postage prepaid) to the Debtor, the Trustor, the Lessee and the Note Purchasers notices of the amount of funds on deposit in the Escrow Fund prior to the sale of all Investments, the total amount of all Gains realized and all Losses incurred prior to the date of such notice. If Gains exceed Losses, computed in each case on a cumulative basis with respect to all Investments, the amount of such excess shall constitute an "Escrow Gain" which shall be held and applied by the Secured Party as provided in this Section 3.5. If Losses exceed Gains computed in each case on a cumulative basis with respect to all Investments, the amount of such excess shall constitute an "Escrow Loss". Pursuant to Section 2.1(c)(ii) of the Lease, the Lessee shall on the Cut-Off Date pay to the Secured Party as other rent an amount equal to the Escrow Loss plus any amount in excess of the Escrow Gain necessary to pay the interest on the Series A Interim Notes as provided in clause (a) below and such payment shall be held and applied by the Secured Party as part of the Escrow Fund. On the Cut-Off Date, the undisbursed balance of the Escrow Fund shall be applied by the Secured Party as follows:

(a) Such portion of the Escrow Gain then on deposit as shall be necessary shall be applied to the payment of interest at the rate of 13% per annum (computed on the basis of a 360-day year of twelve 30-day months) on the difference between the from time to time outstanding principal amount of the Series A Interim Notes and the from time to time outstanding principal amount of the Series A Term Notes issued during the period from and including January 2, 1985 to but not including February 1, 1985, such interest to be payable for such period on the Cut-Off Date and the balance of the Escrow Gain shall be paid or remitted to the Lessee; and

(b) The remaining undisbursed balance of the Escrow Fund shall be applied to the prepayment of the outstanding principal amount of the Series A Interim Notes as contemplated by Section 2.2(e) of the Participation Agreement.

**3.6. Status of the Escrow Fund.** All moneys from time to time on deposit with the Secured Party as part of the Escrow Fund are hereby pledged and assigned to the Secured Party and shall at all times constitute additional security for the payment of the principal and interest on the Notes. If an Event of Default has occurred and is continuing to the knowledge of the Secured Party, all moneys on deposit with the Secured Party as part of the Secured Party shall first be applied to the payment in full of the principal and interest due on the Series A Interim Notes, and any sum remaining in the Escrow Fund following such application shall be ratably applied to the payment of the Series A Term Notes and the Series B Notes in the manner provided for in Section 5 in respect of the proceeds and avails of the Collateral.

**3.7. Possession of Collateral.** While the Debtor is not in default hereunder, it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease and by any other person upon the terms and conditions permitted by the Lease shall not constitute a violation of this Section 3.7.

**3.8. Release of Property.** So long as no default referred to in Section 14 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Unit of Equipment designated by the Lessee for settlement pursuant to Section 13 of the Lease upon receipt from the Lessee of written notice designating the Unit of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of all sums payable for such Unit of Equipment in compliance with Section 13 of the Lease.

**3.9. Release of Property upon Payment.** So long as no Event of Default or no event which with the giving of notice or the lapse of time, or both, would become an Event of Default shall have occurred and be continuing hereunder to the knowledge of the Secured Party, the Secured Party shall release the lien of this Security Agreement on those Units of Equipment then subject hereto in respect of which the primary term of the Lease has expired and the Lessee has paid in full the rent and all other sums due and owing under the Lease with respect thereto. Following payment of all indebtedness hereby secured the Secured Party will, upon the request of the Debtor, give written notice to the Lessee that the Secured Party's security interest hereunder has been terminated.

**3.10. Protection of Purchaser.** No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any unit or units of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

#### **SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.**

**4.1. Application of Rents and Other Payments.** As more fully set forth in Section 1.2 hereof, the Debtor has hereby granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

(a) The amounts received by the Secured Party which constitute payment of Interim Rent under the Lease shall be applied first, to the ratable payment of the interest on the Notes which is due and payable on the Base Lease Commencement Date immediately following the date of such Notes and second, the balance, if any, of such amounts shall be paid in immediately available funds to or upon the order of the Debtor not later than the first business day following receipt thereof;

(b) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of Quarterly Rent under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of the rental installments which are received by the Secured Party, and second, the balance, if any, of such amounts shall be paid in immediately available funds to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(c) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the stipulated loss value of any Unit of Equipment pursuant to Section 13 of the Lease shall be applied by the Secured Party as follows:

(i) First, to the payment of an amount equal to the accrued and unpaid interest on that portion of the Related Notes (as hereinafter defined) to be prepaid pursuant to subparagraph (c)(ii);

(ii) Second, an amount equal to the Loan Value of such Unit of Equipment for which settlement is then being made shall be applied to the prepayment of the Related Portion (as hereinafter defined) of the Related Notes, so that the Related Portion of each of the remaining installments of each Related Note shall be reduced in the proportion that the principal amount of the prepayment of such Related Portion bears to the Related



Portion of the unpaid principal amount of the Related Notes immediately prior to the prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released in immediately available funds to or upon the order of the Debtor not later than the first business day following the receipt thereof.

The "Loan Value" in respect of any Unit of Equipment shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Lessor's Cost (as defined in the Participation Agreement) of such Unit of Equipment for which settlement is then being made and the denominator of which is the aggregate Lessor's Cost of all Units of Equipment in the same Group and Series (as such terms are used in the Lease) as the Unit of Equipment for which settlement is then being made then subject to the Lease (including the Lessor's Cost of such Unit of Equipment for which settlement is then being made), times (B) the Related Portion of the unpaid principal amount of the Related Notes immediately prior to the prepayment provided for in this Section 4.1(c) (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(c)). "Related Notes" shall mean the Notes issued to finance a portion of the Lessor's Cost of the Unit of Equipment for which settlement is then being made. "Related Portion" in respect of any Related Note shall mean that portion of the from time to time outstanding principal amount of such Related Note attributable to the Unit of Equipment in respect of which the Loan Value of such Unit is being applied to the prepayment of such Related Note, all as set forth in the applicable amortization schedule attached to the Security Agreement Supplement describing such Unit of Equipment.

(d) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(i) So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Unit of Equipment is to be repaired, be released to the Lessee to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of (A) a written application signed by an authorized officer of the Lessee for the payment of, or to reimburse the Lessee for the payment of, the costs of repairs and replacement parts (which application shall be accompanied by satisfactory evidence of such costs and evidence of such title to such replacement parts in the Debtor and a statement that such repairs have been completed, and (B) a supplement hereto sufficient, as shown by an opinion of counsel satisfactory to the Secured Party, to grant a security interest in any additions to or substitutions for the Equipment or any part thereof to the Secured Party free and clear of all liens,

claims and encumbrances, which opinion shall also cover the filing and/or recording of such supplement (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) so as to perfect the security interest in such additions or substitutions, or in the alternative, an opinion of counsel that no such supplement is required for such purpose; and

(ii) If the insurance proceeds shall not have been released to the Lessee pursuant to the preceding paragraph (i) within 180 days from the receipt thereof by the Secured Party, or if within such period the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such Unit of Equipment in accordance with the provisions of Section 13 of the Lease, then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Notes, all in the manner and to the extent provided for by Section 4.1(c) hereof; and

(B) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding subparagraph (A) shall be released in immediately available funds to or upon the order of the Debtor not later than the first business day following the receipt thereof.

**4.2 Prepayment of Series A Interim Notes.** The Series A Interim Notes may be prepaid in whole or in part as set forth in Section 2.2(e) of the Participation Agreement.

**4.3. Multiple Notes.** If more than one Note of a series is outstanding at the time any such application is made, such application shall be made on all outstanding Notes of such series ratably in accordance with the aggregate principal amount remaining unpaid thereon.

**4.4. Default.** If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.3 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

**4.5. Prepayments.** Except to the extent provided for in this Section 4, the Notes shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity dates thereof.

## **SECTION 5. DEFAULTS AND OTHER PROVISIONS.**

**5.1. Events of Default.** The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for 10 days;

(b) An Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease;

(c) Default on the part of the Debtor or the Trustor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor or the Trustor under this Security Agreement or the Participation Agreement, and such default shall continue unremedied for 30 days after the earlier of (i) written notice thereof from the Secured Party to the Debtor and the Trustor and (ii) the date on which a "responsible officer" of the Debtor or the Trustor shall have actual knowledge thereof;

(d) Any representation or warranty on the part of the Debtor or the Trustor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease, the Acquisition Agreement (as defined in the Participation Agreement) or the Participation Agreement, or the transactions contemplated therein, shall prove to have been false or misleading in any material respect when made; or

(e) Any claim, lien or charge (other than Permitted Encumbrances and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 6 of the Lease) shall be asserted against or levied or imposed upon the Collateral which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within 30 days after written notice from the Secured Party or the holder of any Note to the Debtor, the Trustor and the Lessee demanding such discharge or removal thereof.

For purposes of this Section 5.1 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligations of the Debtor any Vice President, Trust Officer, Corporate Trust Officer or any other officer in the Bond and Trustee Administration Department of the Debtor or any officer of the Trustor who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Security Agreement with respect thereto.

**5.2. Secured Party's Rights.** The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, but subject always to Section 6 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of California (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and

without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party by notice in writing to the Debtor and the Trustor may and upon the written request of the holders of at least 25% in aggregate principal amount of the then outstanding Notes, the Secured Party shall, declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by certified mail to the Debtor, the Trustor and the Lessee once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction or private sale to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party, the Trustor or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or subject to the provisions of Section 6 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, as the case may be, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

**5.3. Certain Rights of the Debtor on the Occurrence of an Event of Default Under the Lease.** Except as hereinafter provided, if an Event of Default under the Lease of which the Secured Party has knowledge shall have occurred and be continuing the Secured Party shall give the Debtor and the Trustor not less than 10 days' prior written notice of the date (the "Enforcement Date") on or after which the Secured Party may exercise any remedy or remedies pursuant to Section 5.2 hereof. If an Event of Default under the Lease shall have occurred and be continuing, the Debtor and the Trustor shall have the following rights hereunder:

(a) Right to Cure. In the event of the occurrence of an Event of Default arising under Section 14(a) (unless there shall have occurred and be continuing any Event of Default under the Lease other than an Event of Default under such Section 14(a)), the Debtor or the Trustor may, prior to the Enforcement Date, pay to the Secured Party an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest), if any, then due and payable on the Notes, and shall take such additional actions as shall cause such Event of Default to be corrected, and so long as all such payments shall remain paid in full when due and such cure or cures shall continue in full force and effect, no Event of Default hereunder shall be deemed to have arisen; provided, however, that neither the Debtor nor the Trustor may exercise any right to cure any default by the Lessee under the Lease if in the case of a default by the Lessee in the payment of Interim Rent or Quarterly Rent (as each such term is defined in the Lease), such default represents the third consecutive default in the nonpayment of Interim Rent or Quarterly Rent, as the case may be, or the Debtor has cured four previous defaults in the nonpayment of Interim Rent or Quarterly Rent.

Except as hereinafter in this Section 5.3(a) provided, neither the Debtor nor the Trustor shall by exercising the right to cure any such Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Debtor or the Trustor, as the case may be, against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral. Upon such payment by the Debtor or the Trustor of the amount of principal and interest then due and payable on the Notes, the Debtor or the Trustor, as the case may be, shall be subrogated to the rights of the Secured Party in respect of any payment by the Lessee which was overdue at the time of such payment by the Debtor or the Trustor and interest payable by the Lessee on account of its being overdue, and therefore, if no other Event of Default or event which the lapse of time or the giving of notice, or both would constitute such an Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such payment from the Lessee, the Debtor or the Trustor, as the case may be, shall

be entitled to receive such payment and such interest upon receipt thereof by the Secured Party; provided that (i) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of and interest on all Notes shall have been paid in full, be subordinate to the rights of the Secured Party in respect of such overdue payment and such interest on such overdue payment prior to receipt by the Debtor or the Trustor, as the case may be, of any amount pursuant to such subrogation, and (ii) neither the Debtor nor the Trustor shall be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) Option to Prepay Notes. Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.3(a) above, the Debtor may, upon the occurrence of any event which causes the principal amount of the Notes to become immediately due and payable as set forth in Section 5.4 hereof, at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amounts thereof, together with accrued interest thereon to the date of prepayment.

**5.4. Acceleration Clause.** In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in cash.

**5.5. Waiver by Debtor.** To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation, appraisal or marshalling of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

**5.6. Effect of Sale.** Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim

and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

**5.7. Application of Sale Proceeds.** The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper compensation and all proper expenses, liability and advances, including legal expenses and reasonable attorneys' fees, owed to, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first, to the unpaid interest thereon, second, to unpaid premium, if any, thereon, and third, to unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

**5.8. Discontinuance of Remedies.** In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holder or holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

**5.9. Cumulative Remedies.** No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or

affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranty.

## **SECTION 6. LIMITATIONS OF LIABILITY.**

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holders of the Notes and their respective successors and assigns that this Security Agreement is executed by, The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut National Bank, or for the purpose or with the intention of binding The Connecticut National Bank, personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Security Agreement is executed and delivered by The Connecticut National Bank, solely in the exercise of the powers expressly conferred upon The Connecticut National Bank, as trustee under the Trust Agreement, that actions to be taken by the Debtor pursuant to its obligations hereunder may, in certain instances be taken by the Debtor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on The Connecticut National Bank, personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Secured Party and by any person claiming by, through or under the Secured Party, and that all payments to be made by the Debtor in respect of the Notes or under this Security Agreement shall be made only from the income and the proceeds from the Collateral and that the the Secured Party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or the Note Purchasers, as the case may be, as herein provided and that neither the Debtor nor the Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable in respect of the Notes or this Security Agreement or, except as provided herein, for any liability under this Security Agreement; provided, however, that nothing contained in this Section 6 shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 5 hereof, and provided, further, that nothing contained in this Section 6 shall be construed to limit the liability of The Connecticut National Bank, in its individual capacity for any breach of any representations, warranties or agreements set forth in Section 3.2, 3.4 or 8 of the Participation Agreement or in the second sentence of Section 2.2 of this Security Agreement or to limit its liability for gross negligence or willful misconduct.

## **SECTION 7. THE SECURED PARTY.**

The Secured Party accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Debtor and the respective holders of the Notes at any time outstanding by their acceptance thereof agree:



**7.1. Certain Duties and Responsibilities of Secured Party.** (a) Except during the continuance of an Event of Default:

(i) the Secured Party undertakes to perform such duties and only such duties as are specifically set forth in this Security Agreement, and no implied covenants or obligations shall be read into this Security Agreement against the Secured Party; and

(ii) in the absence of bad faith on its part, the Secured Party may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Secured Party and conforming to the requirements of this Security Agreement or the Lease; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Secured Party, the Secured Party shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.

(b) In case an Event of Default has occurred and is continuing, the Secured Party shall exercise such of the rights and powers vested in it by this Security Agreement for the benefit of the holders of the Notes, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Security Agreement shall be construed to relieve the Secured Party from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Secured Party shall not be liable for any error in judgment made in good faith by an officer of the Secured Party unless it shall be proved that the Secured Party was negligent in ascertaining the pertinent facts; and

(iii) the Secured Party shall not be liable to the holder of any Note with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of two-thirds principal amount of the Notes outstanding (or in respect of rights pursuant to Section 5.2(a) hereof, the direction of the holders of not less than 25% in aggregate principal amount of the Notes outstanding) relating to the time, method and place of conducting any proceeding for any remedy available to the Secured Party, or exercising any trust or power conferred upon the Secured Party under this Security Agreement.

(d) No provision of this Security Agreement shall require the Secured Party to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or affecting the liability of or affording protection to the Secured Party shall be subject to the provisions of this Section.

**7.2. Certain Limitations on Secured Party's Rights to Compensation and Indemnification.** The Secured Party agrees that it shall have no right against the holders of any Note for the payment of compensation for its services or any expenses or disbursements incurred in connection with the exercise and performance of its powers and duties which services, expenses or disbursements are rendered or are incurred, as the case may be, prior to the declaration of an Event of Default or any indemnification against liability which it may incur in the exercise and performance of such powers and duties prior to such a declaration of an Event of Default but, on the contrary, shall look solely to its rights under Section 2.6 of the Participation Agreement for such payment and indemnification and that it shall have no lien on, nor security interest in, the Collateral as security for such compensation, expenses, disbursements and indemnification.

**7.3. Certain Rights of Secured Party.** (a) The Secured Party shall not be responsible for any recitals herein or in the Participation Agreement or for insuring the Equipment, or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral, or for the recording, filing or refileing of this Security Agreement, or of any supplemental or further mortgage or trust deed, nor shall the Secured Party be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Participation Agreement, and, except in the case of a default in the payment of the principal of, or interest or premium, if any, on any Note or a default of which an officer or employee of the corporate trust department of the Secured Party has actual knowledge, the Secured Party shall be deemed to have knowledge of any default in the performance or observance of any such covenants, conditions or agreements only upon receipt of written notice thereof from one of the holders of the Notes. The Secured Party shall promptly notify the Debtor and all holders of the Notes of any default of which the Secured Party has actual knowledge. Upon receipt by the Secured Party of such written notice from a holder of a Note, the Secured Party shall promptly notify the Debtor and all other holders of the Notes of such notice and the default referred to therein by prepaid registered mail addressed to them at their addresses set forth in the Register and at any address furnished to the Secured Party by the holder of any Order Note.

(b) The Secured Party makes no representation or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Participation Agreement or any instrument included in the Collateral, or as to the value, title, condition, fitness for use of, or otherwise with respect to, the Equipment or any substitute therefor. The Secured Party shall not be accountable to anyone for the use or application of any of the Notes or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the lien and security interest hereof in accordance with the provisions of this Security Agreement.

(c) The Secured Party may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(d) Any request, direction or authorization by the Debtor or the Lessee shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Secured Party, and signed in the name of the Debtor or the Lessee as the case may be, by its President, any Vice President, Treasurer or Secretary, and any resolution of the Board of Directors of the Debtor or the Lessee shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Secured Party.

(e) Whenever in the administration of the trust herein provided for, the Secured Party shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by the President, any Vice President, the Treasurer or the Secretary of the Debtor or the Lessee, as the case may be, and delivered to the Secured Party, and such certificate shall fully warrant to the Secured Party or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Secured Party may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(f) The Secured Party may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Secured Party, and the written advice of any thereof shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) The Secured Party shall be under no obligation after the declaration of an Event of Default to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, which in the opinion of the Secured Party may involve loss, liability or expense, unless the Debtor, the Trustor, or one or more holders of the Notes outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Secured Party.

(h) The Secured Party shall not be liable to the holder of any Note for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Security Agreement.

(i) The Secured Party shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Notes then outstanding.

(j) The Secured Party may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Secured Party shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care.

(k) The provisions of paragraphs (c) to (j) inclusive of this Section 7.3 shall be subject to the provisions of Section 7.1 hereof.

**7.4. Showings Deemed Necessary by Secured Party.** Notwithstanding anything elsewhere in this Security Agreement contained, the Secured Party shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Secured Party deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

**7.5. Status of Moneys Received.** All moneys received by the Secured Party shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department, and the Secured Party shall be under no liability for interest on any moneys received by it hereunder. The Secured Party and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Debtor, the Trustor or any affiliated corporation or the Lessee or any affiliated corporation, or the Secured Party may act as depository or otherwise in respect to other securities of the Debtor, the Trustor or any affiliated corporation or the Lessee or any affiliated corporation, all with the same rights which it would have if not the Secured Party. The Secured Party agrees that, whenever it shall be required to disburse moneys to any Note Purchaser under the provisions hereof, it shall do so by wire transfer of immediately available funds to a designated bank or trust company located in the continental United States whenever such method of payment is provided for in Schedule 2 to the Participation Agreement or is requested in writing by such Note Purchaser.

**7.6. Resignation of Secured Party.** The Secured Party may resign and be discharged of the trusts hereby created by mailing notice specifying the date when such resignation shall take effect to the Debtor and to the holders of the Notes at their addresses set forth in the Register and at any address furnished to the Secured Party by the holder of any Order Note. Such resignation shall take effect on the date specified in such notice (being not less than sixty days after the mailing of such notice) unless previously a successor secured party shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor.

**7.7. Removal of Secured Party.** The Secured Party may be removed and/or a successor secured party may be appointed at any time by an instrument or concurrent instruments in writing signed and acknowledged by the holders of a majority in principal amount of the Notes and delivered to the Secured Party and to the Debtor and, in the case of the appointment of a successor secured party, to such successor secured party.

**7.8. Successor Secured Party.** Each secured party appointed in succession of the Secured Party named in this Security Agreement, or its successor in the trust, shall be a trust company or banking corporation having an office in any state of the United States, in good standing and having a capital and surplus aggregating at least \$100,000,000, if there be such a trust company or banking corporation qualified, able and willing to accept the trust upon reasonable or customary terms.

**7.9. Appointment of Successor Secured Party.** If the Secured Party shall have given notice of resignation to the Debtor and the holders of the Notes pursuant to

Section 7.6 hereof, if notice of removal shall have been given to the Secured Party and the Debtor pursuant to Section 7.7 hereof, which notice does not appoint a successor secured party, a successor secured party may be appointed by the holders of a majority in aggregate principal amount of the Notes, or, if such successor secured party shall not have been so appointed or shall not have accepted such appointment within fifteen calendar days after the giving of such notice of resignation or the giving of any such notice of removal, as the case may be, a successor secured party may be appointed by the Debtor, the holder of any outstanding Note or, upon application of the retiring secured party, by any court of competent jurisdiction.

**7.10. Merger or Consolidation of Secured Party.** Any company into which the Secured Party, or any successor to it in the trust created by this Security Agreement, may be merged or converted or with which it or any successor to it may be consolidated or any company resulting from any merger or consolidation to which the Secured Party or any successor to it shall be a party (provided such company shall be a corporation organized under the laws of the United States of America or of a state thereof, having a capital and surplus of at least \$100,000,000), shall be the successor to the Secured Party under this Security Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Debtor covenants that in case of any such merger, consolidation or conversion it will, upon the request of the merged, consolidated or converted corporation, execute and acknowledge suitable instruments in writing to confirm the estates, rights and interests of such corporation as secured party under this Security Agreement.

**7.11. Conveyance Upon Request of Successor Secured Party.** Should any deed, conveyance or instrument in writing from the Debtor be required by any successor secured party for more fully and certainly vesting in and confirming to such new secured party such estates, rights, powers and duties, then upon request any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered by the Debtor.

**7.12. Acceptance of Appointment by Successor Secured Party.** Any new secured party appointed pursuant to any of the provisions hereof shall execute, acknowledge and deliver to the Debtor an instrument accepting such appointment, and thereupon such new secured party, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with like effect as if originally named as secured party herein; but nevertheless, upon the written request of the Debtor or of the successor secured party, the secured party ceasing to act shall execute and deliver an instrument transferring to such successor secured party, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the secured party so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such secured party to the successor secured party so appointed in its or his place.

## **SECTION 8. SUPPLEMENTAL SECURITY AGREEMENTS; WAIVERS.**

**8.1. Supplemental Agreements Without Noteholders' Consent.** The Debtor and the Secured Party from time to time and at any time, subject to the restrictions in this Security Agreement contained, may enter into an agreement or agreements supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;

(c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or

(d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental agreement. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Security Agreement, be waived or modified by such supplemental agreements, or otherwise.

**8.2. Waivers and Consents by Noteholders; Supplemental Agreements with Noteholders' Consent.** Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of the Notes at the time outstanding (a) the Debtor may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Security Agreement or any agreement supplemental hereto, or (b) the Debtor and the Secured Party may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any agreement supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental agreement shall (i) impair or effect the right of any holder to receive payments or prepayments of the principal of and payments of the interest and premium, if any, on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental agreement pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Secured Party, without the consent of the holders of all of the Notes at the time outstanding.

**8.3. Notice of Supplemental Security Agreements.** Promptly after the execution by the Debtor and the Secured Party of any supplemental agreement pursuant to the provisions of Section 8.1 or 8.2 hereof, the Secured Party shall give written notice,

setting forth in general terms the substance of such supplemental agreement, together with a conformed copy thereof, mailed, first-class, postage prepaid, to each holder of the Notes at its address set forth in the Register or otherwise provided to the Secured Party. Any failure of the Secured Party to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

**8.4. Opinion of Counsel Conclusive as to Supplemental Security Agreements.** The Secured Party is hereby authorized to join with the Debtor in the execution of any such supplemental agreement authorized or permitted by the terms of this Security Agreement and to make the further agreements and stipulations which may be therein contained, and the Secured Party may receive an opinion of counsel as conclusive evidence that any supplemental agreement executed pursuant to the provisions of this Section 8 complies with the requirements of this Section 8.

## **SECTION 9. MISCELLANEOUS.**

**9.1. Execution.** The Notes shall be signed on behalf of the Debtor by any officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

**9.2. Payment of the Notes.** (a) The principal of, and premium, if any, and interest on the Notes shall be payable by wire transfer of immediately available funds, in the case of the original Note Purchasers or any affiliate of the original Note Purchasers as provided in Schedule 2 of the Participation Agreement or as any such Note Purchasers or affiliate shall otherwise designate, and in the case of any other holder of the Notes, to such bank or trust company in the continental United States for the account of such holder as the holder shall designate to the Debtor, the Trustor, the Lessee and the Secured Party from time to time in writing, and if no such designation is in effect, by check, duly mailed, by first class, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 9.3 in the case of any holder of Registered Notes and at such address as such holder has furnished in writing to the Debtor, the Trustor, the Lessee and the Secured Party in the case of any holder of Order Notes. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Note agrees that, before selling, transferring or otherwise disposing of such Note, it will present such Note to the Debtor for transfer and notation as provided in Sections 9.4 and 9.5.

(b) All amounts constituting payment of the installments of rent under the Lease or stipulated loss value pursuant to Section 13 of the Lease received by the Secured Party and applied on the Notes pursuant to Section 4 hereof shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the amounts so received and applied.

(c) Upon the written request of the Debtor, the Secured Party will provide the Debtor with information regarding the payment of principal and interest made on the Notes.

**9.3. The Register.** The Debtor shall cause the Secured Party to keep at the Secured Party's principal corporate trust office a register for the registration and transfer of Registered Notes (herein called the "Register"). The names and addresses of the

holders of the Registered Notes, the transfers of such Notes and the names and addresses of the transferees of all such Notes shall be registered in the Register. The Secured Party will provide a copy of the Register and a copy of any changes in registration to the Debtor.

#### **9.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes.**

(a) Any Order Note shall be treated as negotiable and title thereto shall pass by endorsement and delivery. Each holder of an Order Note, by its acceptance thereof, agrees that if such holder shall sell or transfer such Note, such holder will notify the Debtor, the Secured Party and the Lessee of the name and address of the transferee, and such holder will prior to the delivery of such Note, make a notation on such Note of the date to which interest has been paid thereon and of the amount of any prepayments made on account of the principal thereof.

(b) The holder of any Registered Note may transfer such Note upon the surrender thereof at the principal office of the Debtor. Thereupon, the Debtor shall execute in the name of the transferee a new Registered Note or Registered Notes in denominations not less than \$100,000 in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered and deliver such new Registered Note or Registered Notes to such transferee; provided that if the then aggregate outstanding principal amount of the Registered Notes being transferred is less than \$100,000, the denomination of such new Note or Notes may be in such lesser amount.

(c) The holder of any Order Note or any Registered Note may surrender such Note at the principal office of the Debtor, accompanied by a written request for a new Note or Notes, either in the form of Registered Notes or in the form of Order Notes, or partly one and partly the other, in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered and in denominations of \$100,000 or such amount in excess thereof as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Order Note or Notes or Registered Note or Notes, as the case may be, in the denomination or denominations so requested and in the aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes so surrendered and deliver such new Note or Notes to such holder. Notwithstanding the foregoing provisions, the Debtor shall not be required to issue or reissue any Order Note hereunder unless it shall have received an opinion of counsel selected by the Debtor and approved by the holder requesting an Order Note to the effect that such Order Note is not a "registration-required obligation" within the meaning of Section 163(f)(2) of the Internal Revenue Code of 1954, as amended. The fees and expenses of any such counsel shall be paid by the Debtor.

(d) Any Note presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Debtor, duly executed by the holder or by its attorney duly authorized in writing. The Debtor shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.



(e) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 9.4, and the holder of any Note issued as provided in this Section 9.4 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

(f) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor such security or indemnity as may be reasonably required by the Debtor to save it harmless from all risks, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Note and the ownership thereof. If any Note Purchaser, any affiliate of any Note Purchaser, or any other institutional investor, or a nominee of any thereof is the owner of any such lost, stolen or destroyed Note, then the affidavit of the President, Vice President, Treasurer or Assistant Treasurer of such holder setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such holder to indemnify the Debtor for any claims or action against it (and for its attorney's fees in connection therewith) resulting from the issuance of such new Note or the reappearance of the old Note.

#### **9.5. The New Notes.**

(a) Each new Note (herein, in this Section 9.5, called a "New Note") issued pursuant to Section 9.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 9.5, called an "Old Note") shall be dated the date of such Old Note. The Debtor shall mark on each New Note (i) the dates to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Section 9.4(a), (b) or (e), the Debtor may require from the person holding or to hold the same the payment of a sum to reimburse the Debtor for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 9.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall notify the Secured Party and shall prepare and deliver to the Secured Party an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment.

**9.6. Cancellation of Notes.** All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Debtor for cancellation or, if surrendered to the Debtor, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement.

**9.7. Owner.** Any Order Note shall be treated as negotiable and title thereto shall pass by endorsement and delivery, but neither the Debtor nor the Secured Party shall be bound to recognize any person as the holder of an Order Note unless and until title thereto has been satisfactorily established. The person in whose name any Registered Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and neither the Debtor nor the Secured Party shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Registered Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Secured Party may deem and treat the registered owner of any Registered Note as the owner thereof without production of such Note.

**9.8. Successors and Assigns.** Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

**9.9. Partial Invalidity.** The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid, provided that nothing contained in this Section 9.9 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity under Section 6 hereof, or to amend or modify any limitations or restrictions of the Secured Party or the holder of any Note or their respective successors or assigns under said Section 6.

**If to the Debtor:** The Connecticut National Bank, as trustee  
777 Main Street  
Hartford, Connecticut 06115  
Attention: Bond and Trustee Administration

**If to the Trustor:** NCNB Lease Investments, Inc.  
One NCNB Plaza  
Charlotte, North Carolina 28255  
Attention: Assistant Secretary

**If to the Lessee:** Southern Pacific Transportation  
Company  
One Market Plaza  
San Francisco, California 94105  
Attention: Vice President and Treasurer

**If to the Secured Party:** Mercantile-Safe Deposit and Trust Company  
2 Hopkins Plaza  
P.O. Box 2258  
Baltimore, Maryland 21203  
Attention: Corporate Trust Department

**If to any holder of Notes:** At its address for notices set forth in the Register in the case of any holder of Registered Notes and at the address furnished to the Debtor in the case of any holder of Order Notes.

**9.11. Release.** The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been paid or discharged.

**9.13. Counterparts.** This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

**9.14. Headings.** Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

**IN WITNESS WHEREOF,** the Debtor and the Secured Party have caused this Security Agreement to be executed, as of the day and year first above written.

**THE CONNECTICUT NATIONAL BANK,**  
not in its individual capacity but  
solely as trustee under Southern  
Pacific Transportation Company Trust  
No. 84-1

By

its

  
TRUST OFFICER

DEBTOR

[CORPORATE SEAL]

ATTEST:

  
Corporate Trust Officer

**MERCANTILE-SAFE DEPOSIT AND  
TRUST COMPANY,** as Security  
Trustee

By

  
Its Vice President

SECURED PARTY

STATE OF CONNECTICUT     )  
                                      ) SS  
COUNTY OF HARTFORD     )

On this 7<sup>th</sup> day of Aug., 1984, before me personally appeared LAURA CROWLEY, to me personally known, who being by me duly sworn, says that she is an authorized officer of THE CONNECTICUT NATIONAL BANK, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Debra A. Carley  
Notary Public

(SEAL)

DEBRA A. CARLEY  
NOTARY PUBLIC  
My commission expires: MY COMMISSION EXPIRES MARCH 31, 1985

STATE OF MARYLAND     )  
                                      ) SS  
CITY OF BALTIMORE     )

On this 30<sup>th</sup> day of July, 1984, before me personally appeared R. E. Schreiber, to me personally known, who being by me duly sworn, says that he is a vice president of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Patricia A. Conn  
Notary Public

(SEAL)

My commission expires: 7-1-86

## DESCRIPTION OF EQUIPMENT

The Group A Units are:

Description	Number of Items
Speed Trucks	50

The Group B Units are:

Description	Number of Items
Mark III Tampers	10
Jackson 6500 Tampers	11
PUM - Plasser Tamper	10
Production Field Welder	2
Welder-Support Equipment	34
Ballast Regulators	32
Rail Heaters	13
Brush Cutters	6
Crib Reducers	3
Rail Gagers	3
Rail Lifters	20
Spike Drivers (Racor)	13
Spike Drivers (Fair.)	28
Spike Pullers	19
Tie Cranes	19
Scarifier-Inserts	16
Tie Inserters	7
Tie Removers	13
Liners-Truss	3
Car Top Mtl. Handlers	4
Mtr Cars MT-19 w/Htrs	40
Mtr Cars MT-19 w/o Htrs	80
Fork Lifts	60

**THE CONNECTICUT NATIONAL BANK,  
Not In Its Individual Capacity But Solely  
As Trustee Under  
Southern Pacific Transportation Company Trust No. 84-1**

**13% SECURED INTERIM NOTE, SERIES A, DUE FEBRUARY 1, 1985**

No.

\$

\_\_\_\_\_, 1984

**FOR VALUE RECEIVED**, the undersigned, THE CONNECTICUT NATIONAL BANK, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under the Trust Agreement dated as of July 15, 1984 (the "Trust Agreement") between it and NCNB LEASE INVESTMENTS, INC., a North Carolina corporation (the "Trustor"), promises to pay to

or registered assigns, the principal sum of

DOLLARS (\$ \_\_\_\_\_ )

or such lesser sum equal to the aggregate unpaid principal amount of this Note as set forth on the grid attached hereto on February 1, 1985, together with interest from the date hereof until maturity at the rate of 13% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof payable in installments on October 2, 1984, January 2, 1985 and February 1, 1985; and to pay interest on any overdue principal and (to the extent legally enforceable) on any overdue interest at the rate of 14% per annum after the same shall have become due, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 13% Secured Interim Notes, Series A, due February 1, 1985 of the Debtor not exceeding \$10,057,760.49 in aggregate principal amount (the "Series A Interim Notes") issued under and pursuant to the Participation Agreement dated as of July 15, 1984 (the "Participation Agreement") among the Debtor, the Trustor, Southern Pacific Transportation Company, Mercantile-Safe Deposit and Trust Company (the "Secured Party") and the institutional investors named in Schedule 2 thereto. The Series A Interim Notes, together with the 13% Secured Term Notes, Series A, due 1985-1988 to be issued in substitution therefor in an aggregate principal amount not to exceed \$10,057,760.49 and the 13.375% Secured Notes, Series B, due 1988-1990 (the "Series B Notes") to be issued in an aggregate principal amount not to exceed \$6,286,090.10 referred to in the Participation Agreement are referred to collectively as the "Notes". This Note and said other Notes are equally and ratably secured by that certain Security Agreement-Trust Deed dated as of July 15, 1984 (the "Security Agreement") from the Debtor to the Secured Party. Reference is made to the Security Agreement and all supplements and

EXHIBIT A  
(to Security Agreement-Trust Deed)

amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of California.

The Debtor by its execution hereof waives presentment, notice of dishonor and protest.

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holder of this Note and their respective successors and assigns that this Note is executed by The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or for the purpose or with the intention of binding the Debtor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Note is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as trustee under the Trust Agreement, nothing herein contained shall be construed as creating any liability on the Debtor personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the holder of this Note and by each and every person now or hereafter claiming by, through or under the holder of this Note and that all payments to be made by the Debtor under this Note or the Security Agreement shall be made only from the income and the proceeds from the Collateral and that the Secured party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or such Note Purchasers, as the case may be, as provided in the Security Agreement and that neither the Debtor nor the Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable under this Note or the Security Agreement or, except as provided in the Security Agreement, for any liability under the Security Agreement; provided, however, that nothing contained in this paragraph shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 5 of the Security Agreement; and



provided, further, that nothing contained in this paragraph shall be construed to limit the liability of The Connecticut National Bank in its individual capacity for any breach of any representations or warranties or agreements set forth in Sections 3.2, 3.4 or 8 of the Participation Agreement or in the second sentence of Section 2.2 of the Security Agreement or to limit the liability of The Connecticut National Bank for gross negligence or willful misconduct.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

THE CONNECTICUT NATIONAL BANK,  
not in its individual capacity but  
solely as trustee under Southern Pacific  
Transportation Company Trust No. 84-1

By \_\_\_\_\_  
Its Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT  
TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE  
SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED  
OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION  
FROM SUCH REGISTRATION IS AVAILABLE.

## PREPAYMENTS

<u>Column A</u> <u>Closing Date</u>	<u>Column B</u> Amount of Principal Prepaid (e.g., Outstanding Principal Amount of Series A Term Notes Issued on such Date)*	<u>Column C</u> Remaining Outstanding Principal Amount of the Note*
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\*Sum of Column B and Column C will (absent Stipulated Loss Value payments) equal original principal amount of this Series A Interim Note

**THE CONNECTICUT NATIONAL BANK,  
Not in Its Individual Capacity But Solely  
As Trustee Under  
Southern Pacific Transportation Company Trust No. 84-1**

**13% SECURED NOTE, SERIES A, DUE 1985-1988**

No.

\$

\_\_\_\_\_, 198\_

**FOR VALUE RECEIVED**, the undersigned, THE CONNECTICUT NATIONAL BANK, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under the Trust Agreement dated as of July 15, 1984 (the "Trust Agreement") between it and NCNB LEASE INVESTMENTS, INC., a North Carolina corporation (the "Trustor"), promises to pay to

or registered assigns, the principal sum of

DOLLARS (\$ \_\_\_\_\_ )

together with interest from the date hereof until maturity at the rate of 13% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof, in an installment of interest only payable on [Note 1], followed by [Note 2] installments of principal and interest payable on [Note 3] in the amounts set forth in the amortization schedule attached hereto and made a part hereof, and to pay interest on any overdue principal and (to the extent legally enforceable) on any overdue interest at the rate of 14% per annum after the same shall have become due, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 13% Secured Term Notes, Series A, due 1985-1988 of the Debtor not exceeding \$10,057,760.49 in aggregate principal amount (the "Series A Term Notes") issued under and pursuant to the Participation Agreement dated as of July 15, 1984 (the "Participation Agreement") among the Debtor, the Trustor, Southern Pacific Transportation Company, Mercantile-Safe Deposit and Trust Company (the "Secured Party") and the institutional investors named in Schedule 2 thereto. The Series A Term Notes, together with the 13% Secured Interim Notes, Series A, due February 1, 1985 to be issued in an aggregate principal amount not to exceed \$10,057,760.49 (for which the Series A Term Notes are to be substituted) and the 13.375% Secured Notes, Series B, due 1988-1990 to be issued in an aggregate principal amount not to exceed \$6,286,090.10 referred to in the Participation Agreement are referred to collectively as the "Notes". This Note and said other Notes are equally and ratably secured by that certain Security Agreement-Trust Deed dated as of July 15, 1984 (the "Security Agreement") from the Debtor to the Secured Party. Reference is made to the Security Agreement and all

supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of California.

The Debtor by its execution hereof waives presentment, notice of dishonor and protest.

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holder of this Note and their respective successors and assigns that this Note is executed by The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or for the purpose or with the intention of binding the Debtor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Note is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as trustee under the Trust Agreement, nothing herein contained shall be construed as creating any liability on the Debtor personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the holder of this Note and by each and every person now or hereafter claiming by, through or under the holder of this Note and that all payments to be made by the Debtor under this Note or the Security Agreement shall be made only from the income and proceeds from the Collateral and that the Secured Party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or the Note Purchaser, as the case may be, as provided in the Security Agreement and that neither the Debtor nor the Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable under any of this Note or the Security Agreement or, except as provided in the Security Agreement, for any liability under the Security Agreement; provided, however, that nothing contained in this paragraph shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 5 of the Security Agreement; and

provided, further, that nothing contained in this paragraph shall be construed to limit the liability of The Connecticut National Bank in its individual capacity for any breach of any representations or warranties or agreements set forth in Sections 3.2, 3.4 or 8 of the Participation Agreement or in the second sentence of Section 2.2 of the Security Agreement or to limit the liability of The Connecticut National Bank for gross negligence or willful misconduct.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

THE CONNECTICUT NATIONAL BANK,  
not in its individual capacity but  
solely as trustee under Southern Pacific  
Transportation Company Trust No. 84-1

By \_\_\_\_\_  
Its Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT  
TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE  
SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED  
OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION  
FROM SUCH REGISTRATION IS AVAILABLE.

Note 1.

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: October 2, 1984.

For each Note issued on or after October 2, 1984 and prior to January 2, 1985  
insert: January 2, 1985.

For each Note issued on or after January 2, 1985 and prior to January 24, 1985  
insert: April 2, 1985.

Note 2.

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: fifteen (15).

For each note issued on or after October 2, 1984 and prior to January 2, 1985  
insert: fourteen (14).

For each Note issued on or after January 2, 1985 and prior to January 24, 1985  
insert: thirteen (13).

Note 3.

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: payable on January 2, 1985 and on the second day of each April, July, October and January thereafter to and including July 2, 1988.

For each Note issued on or after October 2, 1984 and prior to January 2, 1985  
insert: payable on April 2, 1985 and on the second day of each July, October, January and July thereafter to and including July 2, 1988.

For each Note issued on or after January 2, 1985 and prior to February 1, 1985  
insert: payable on July 2, 1985 and on the second day of each October, January, April and July thereafter to and including July 2, 1988.

**THE CONNECTICUT NATIONAL BANK,  
Not In Its Individual Capacity But Solely  
As Trustee Under  
Southern Pacific Transportation Company Trust No. 84-1**

**13% SECURED NOTE, SERIES A, DUE 1985-1988**

No.

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\_\_\_\_\_, 198\_

**FOR VALUE RECEIVED**, the undersigned, THE CONNECTICUT NATIONAL BANK, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under the Trust Agreement dated as of July 15, 1984 (the "Trust Agreement") between it and NCNB LEASE INVESTMENTS, INC., a North Carolina corporation (the "Trustor"), promises to pay to

or order, the principal sum of

DOLLARS (\$ \_\_\_\_\_ )

together with interest from the date hereof until maturity at the rate of 13% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof, in one installment of interest only payable on [Note 1], followed by [Note 2] installments of principal and interest payable on the dates and in the amounts set forth in the amortization schedule attached hereto and made a part hereof, and to pay interest on any overdue principal and (to the extent legally enforceable) on any overdue interest at the rate of 14% per annum after the same shall have become due, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 13% Secured Term Notes, Series A, due 1985-1988 of the Debtor not exceeding \$10,057,760.49 in aggregate principal amount (the "Series A Term Notes") issued under and pursuant to the Participation Agreement dated as of July 15, 1984 (the "Participation Agreement") among the Debtor, the Trustor, Southern Pacific Transportation Company, Mercantile-Safe Deposit and Trust Company (the "Secured Party") and the institutional investors named in Schedule 2 thereto. The Series A Term Notes, together with the 13% Secured Interim Notes, Series A, due February 1, 1985 to be issued in an aggregate principal amount not to exceed \$10,057,760.49 (for which the Series A Term Notes are to be substituted) and the 13.375% Secured Notes, Series B, due 1988-1990 to be issued in an aggregate principal amount not to exceed \$6,286,090.10 referred to in the Participation Agreement are referred to collectively as the "Notes". This Note and said other Notes are equally and ratably secured by that certain Security Agreement-Trust Deed dated as of July 15, 1984 (the "Security Agreement") from the

Debtor to the Secured Party. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of California.

The Debtor by its execution hereof waives presentment, notice of dishonor and protest.

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holder of this Note and their respective successors and assigns that this Note is executed by The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or for the purpose or with the intention of binding the Debtor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Note is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as trustee under the Trust Agreement, nothing herein contained shall be construed as creating any liability on the Debtor personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the holder of this Note and by each and every person now or hereafter claiming by, through or under the holder of this Note and that all payments to be made by the Debtor under this Note or the Security Agreement shall be made only from the income and the proceeds from the Collateral and that the Secured Party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or such Note Purchasers, as the case may be, as provided in the Security Agreement and that neither the Debtor nor the Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable under any of this Note or the Security Agreement or, except as provided in the Security Agreement, for any liability under the Security Agreement; provided, however, that except as provided in the Security Agreement that nothing contained in this paragraph shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 5 of the Security Agreement; and provided, further, that nothing contained in this paragraph shall be construed to limit the liability of The Connecticut National Bank, in its individual capacity for any breach of any representations, warranties or agreements set forth in Sections 3.2, 3.4 or 8 of the Participation

Agreement or in the second sentence of Section 2.2 of the Security Agreement or to limit the liability of The Connecticut National Bank, for gross negligence or willful misconduct.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

THE CONNECTICUT NATIONAL BANK,  
not in its individual capacity but  
solely as trustee under Southern Pacific  
Transportation Company Trust No. 84-1

By \_\_\_\_\_  
Its Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT  
TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE  
SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED  
OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION  
FROM SUCH REGISTRATION IS AVAILABLE.

**Note 1.**

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: October 2, 1984.

For each Note issued on or after October 2, 1984 and prior to January 2,  
1985 insert: January 2, 1985.

For each Note issued on or after January 2, 1985 and prior to January 24,  
1985 insert: April 2, 1985.

**Note 2.**

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: fifteen (15).

For each note issued on or after October 2, 1984 and prior to January 2, 1985  
insert: fourteen (14).

For each Note issued on or after January 2, 1985 and prior to January 24,  
1985 insert: thirteen (13).

**Note 3.**

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: payable on January 2, 1985 and on the second day of each April, July,  
October and January thereafter to and including July 2, 1988.

For each Note issued on or after October 2, 1984 and prior to January 2,  
1985 insert: payable on April 2, 1985 and on the second day of each July, October,  
January and July thereafter to and including July 2, 1988.

For each Note issued on or after January 2, 1985 and prior to February 1,  
1985 insert: payable on July 2, 1985 and on the second day of each October,  
January, April and July thereafter to and including July 2, 1988.



**THE CONNECTICUT NATIONAL BANK,  
Not In Its Individual Capacity But Solely  
As Trustee Under  
Southern Pacific Transportation Company Trust No. 84-1**

**13.375% SECURED NOTE, SERIES B, DUE 1988-1990**

No.

\$

\_\_\_\_\_, 198\_

**FOR VALUE RECEIVED**, the undersigned, **THE CONNECTICUT NATIONAL BANK**, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under the Trust Agreement dated as of July 15, 1984 (the "Trust Agreement") between it and **NCNB LEASE INVESTMENTS, INC.**, a North Carolina corporation (the "Trustor"), promises to pay to

or registered assigns, the principal sum of

DOLLARS (\$ \_\_\_\_\_ )

together with interest from the date hereof until maturity at the rate of 13.375% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof, in installments as follows:

(i) [Note 1] installments of interest only payable on the first January 2, April 2 or October 2 following the date of this Note and on each January 2, April 2, July 2 and October 2 thereafter to and including July 2, 1988;

(ii) nine (9) installments of principal and interest, payable on October 2, 1988 and on the second day of each January, April, July and October thereafter to and including October 2, 1990 in the amounts set forth in the amortization schedule attached hereto and made a part hereof;

and to pay interest on any overdue principal and (to the extent legally enforceable) on any overdue interest at the rate of 14.375% per annum after the same shall have become due, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 13.375% Secured Notes, Series B, due 1988-1990 of the Debtor not exceeding \$6,286,090.10 in aggregate principal amount (the "Series B Notes") issued under and pursuant to the Participation Agreement dated as of July 15,

1984 (the "Participation Agreement") among the Debtor, the Trustor, Southern Pacific Transportation Company, Mercantile-Safe Deposit and Trust Company (the "Secured Party") and the institutional investors named in Schedule 2 thereto. The Series B Notes, together with the 13% Secured Interim Notes, Series A, due February 1, 1985 to be issued in an aggregate principal amount not to exceed \$10,057,760.49 (the "Series A Interim Notes") and the 13% Secured Notes, Series A, due 1985-1988 to be issued in an aggregate principal amount not to exceed \$10,057,760.49 (which are to be substituted for the Series A Interim Notes) referred to in the Participation Agreement are referred to collectively as the "Notes". This Note and said other Notes are equally and ratably secured by that certain Security Agreement-Trust Deed dated as of July 15, 1984 (the "Security Agreement") from the Debtor to the Secured Party. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of California.

The Debtor by its execution hereof waives presentment, notice of dishonor and protest.

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holder of this Note and their respective successors and assigns that this Note is executed by The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or for the purpose or with the intention of binding the Debtor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Note is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as trustee under the Trust Agreement, nothing herein contained shall be construed as creating any liability on the Debtor personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the holder of this Note and by each and every person now or hereafter claiming by, through or under the holder of this Note and

the Secured Party and the holder of this Note and that all payments to be made by the Debtor under this Note or the Security Agreement shall be made only from the income and the proceeds from the Collateral and that the Secured Party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or such Note Purchasers, as the case may be, as provided in the Security Agreement and that neither the Debtor nor the Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable under this Note or the Security Agreement or, except as provided in the Security Agreement, for any liability under the Security Agreement; provided, however, that nothing contained in this paragraph shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 5 of the Security Agreement; and provided, further, that nothing contained in this paragraph shall be construed to limit the liability of The Connecticut National Bank in its individual capacity for any breach of any representations, warranties or agreements set forth in Sections 3.2, 3.4 or 8 of the Participation Agreement or in the second sentence of Section 2.2 of the Security Agreement or to limit the liability of The Connecticut National Bank for gross negligence or willful misconduct.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

THE CONNECTICUT NATIONAL BANK,  
not in its individual capacity but  
solely as trustee under Southern Pacific  
Transportation Company Trust No. 84-1

By \_\_\_\_\_  
Its Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT  
TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE  
SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED  
OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION  
FROM SUCH REGISTRATION IS AVAILABLE.

**Note 1**

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: sixteen (16).

For each Note issued on or after October 2, 1984 and prior to January 2,  
1984 insert: fifteen (15).

For each Note issued on or after January 2, 1985 and prior to February 1,  
1985 insert: fourteen (14).

**THE CONNECTICUT NATIONAL BANK,  
Not In Its Individual Capacity But Solely  
As Trustee Under  
Southern Pacific Transportation Company Trust No. 84-1**

**13.375% SECURED NOTE, SERIES B, DUE 1988-1990**

No.

\$

\_\_\_\_\_, 198\_

**FOR VALUE RECEIVED**, the undersigned, **THE CONNECTICUT NATIONAL BANK**, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under the Trust Agreement dated as of July 15, 1984 (the "Trust Agreement") between it and **NCNB LEASE INVESTMENTS, INC.**, a North Carolina corporation (the "Trustor"), promises to pay to

or order, the principal sum of

DOLLARS (\$ \_\_\_\_\_ )

together with interest from the date hereof until maturity at the rate of 13.375 per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof, in installments as follows:

(i) [Note 1] installments of interest only payable on the first January 2, April 2, July 2 or October 2 following the date of this Note and on each January 2, April 2, July 2 and October 2 thereafter to and including July 2, 1988; followed by

(ii) nine (9) installments of principal and interest, payable on October 2, 1988 and on the second day of each January, April, July and October thereafter to and including October 2, 1990 in the amounts set forth in the amortization schedule attached hereto and made a part hereof;

and to pay interest on any overdue principal and (to the extent legally enforceable) on any overdue interest at the rate of 14.375% per annum after the same shall have become due, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 13.375% Secured Notes, Series B, due 1988-1990 of the Debtor not exceeding \$6,286,090.10 in aggregate principal amount (the "Series B Notes") issued under and pursuant to the Participation Agreement dated as of July 15, 1984 (the "Participation Agreement") among the Debtor, the Trustor, Southern Pacific

Transportation Company, Mercantile-Safe Deposit and Trust Company (the "Secured Party") and the institutional investors named in Schedule 2 thereto. The Series B Notes, together with the 13% Secured Interim Notes, Series A, due February 1, 1985 to be issued in an aggregate principal amount not to exceed \$10,057,760.49 (the "Series A Interim Notes") and the 13% Secured Notes, Series A, due 1985-1988 to be issued in an aggregate principal amount not to exceed \$10,057,760.49 (which are to be substituted for the Series A Interim Notes) referred to in the Participation Agreement are referred to collectively as the "Notes". This Note and said other Notes are equally and ratably secured by that certain Security Agreement-Trust Deed dated as of July 15, 1984 (the "Security Agreement") from the Debtor to the Secured Party. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Debtor agrees to make the required prepayments on the Notes in accordance with the provisions of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of California.

The Debtor by its execution hereof waives presentment, notice of dishonor and protest.

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holder of this Note and their respective successors and assigns that this Note is executed by The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or for the purpose or with the intention of binding the Debtor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Note is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as trustee under the Trust Agreement, nothing herein contained shall be construed as creating any liability on the Debtor personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the holder of this Note and by each and every person now or hereafter claiming by, through or under the holder of this Note and that all payments to be made by the Debtor under this Note or the Security Agreement shall be made only from the income and the proceeds from the Collateral and that the Secured party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or such Note Purchasers, as the case may be, as provided in the Security Agreement and that neither the Debtor nor the

Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable under this Note or the Security Agreement or, except as provided in the Security Agreement, for any liability under the Security Agreement; provided, however, that nothing contained in this paragraph shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 5 of the Security Agreement; and provided, further, that nothing contained in this paragraph shall be construed to limit the liability of The Connecticut National Bank, in its individual capacity for any breach of any representations, warranties or agreements set forth in Sections 3.2, 3.4 or 8 of the Participation Agreement or in the second sentence of Section 2.2 of the Security Agreement or to limit the liability of The Connecticut National Bank, for gross negligence or willful misconduct.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

**THE CONNECTICUT NATIONAL BANK,**  
not in its individual capacity but  
solely as trustee under Southern Pacific  
Transportation Company Trust No. 84-1

By \_\_\_\_\_  
Its Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT  
TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE  
SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED OR  
SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION  
FROM SUCH REGISTRATION IS AVAILABLE.

**Note 1**

For each Note issued on or after August 1, 1984 and prior to October 2, 1984  
insert: sixteen (16).

For each Note issued on or after October 2, 1984 and prior to January 2,  
1984 insert: fifteen (15).

For each Note issued on or after January 2, 1985 and prior to February 1,  
1985 insert: fourteen (14).

## SECURITY AGREEMENT SUPPLEMENT

**SECURITY AGREEMENT SUPPLEMENT NO. \_\_\_\_\_**, dated \_\_\_\_\_, 19 \_\_, from THE CONNECTICUT NATIONAL BANK, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under a Trust Agreement dated as of July 15, 1984 with NCNB LEASE INVESTMENTS, INC., to **MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY**, as security trustee (the "Secured Party") under the Security Agreement-Trust Deed dated as of July 15, 1984, from the Debtor to the Secured Party (the "Security Agreement"),

### WITNESSETH:

WHEREAS, the defined terms used in this Security Agreement Supplement shall have the respective meanings indicated in the Security Agreement unless elsewhere defined or the context shall otherwise require.

WHEREAS, the Security Agreement provides for the execution and delivery from time to time of Security Agreement Supplements substantially in the form hereof each of which shall particularly describe Units of Equipment included in the Collateral and subject to the security interest of the Security Agreement and/or to set forth the amortization schedules relating to the Notes issued and outstanding under the Security Agreement;

NOW, THEREFORE, TO SECURE THE PAYMENT when and as due and payable of the principal of and the premium, if any, and interest on the Notes, and to secure the payment of all other indebtedness which the Security Agreement by its terms secures and compliance with all the terms of the Security Agreement and of the Notes the Debtor does hereby create and grant to the Secured Party and to its successors and assigns a security interest in the following properties:

(a) all the units of property and equipment described in Schedule A annexed hereto;

(b) all additional or substituted units of property or equipment which hereafter may be subjected to the security interest of the Security Agreement by operation thereof; and

(c) all rents, income, revenues, issues, profits and proceeds arising from or in connection with any of the foregoing.

SAVING AND EXCEPTING, however, from the properties in which a security interest is hereby created and granted, Excepted Rights in Collateral.

THE DEBTOR hereby binds itself, its successors and assigns, to warrant and forever defend to the Secured Party and its successors and assigns the security interest hereby created and granted.

Attached hereto as Schedule B is an Amortization Schedule for each Series A Term Note and each Series B Note being issued on the date hereof setting forth the principal and interest payments to be made by the Debtor on such Notes based upon \$1,000,000 principal amount thereof.

EXHIBIT C  
(to Security Agreement-Trust Deed)

Attached hereto as Schedule C are amortization schedules to be used in calculating the Related Portion of the Notes issued on the date hereof as required by Section 4.1 of the Security Agreement based upon \$1,000,000 principal amount of such Notes.

This Supplement shall be construed as supplemental to the Security Agreement and shall form a part of it and the Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

This Supplement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

This Supplement shall in all respects be governed by, and construed in accordance with, the laws of the State of California, including all matters of construction, validity and performance.

**IN WITNESS WHEREOF**, the Debtor and the Secured Party have caused this Supplement to be executed, as of the day and year first above written.

**THE CONNECTICUT NATIONAL BANK,**  
not in its individual capacity but  
solely as trustee under Southern  
Pacific Transportation Company Trust  
No. 84-1

By \_\_\_\_\_  
Its \_\_\_\_\_

[CORPORATE SEAL]

**MERCANTILE-SAFE DEPOSIT AND  
TRUST COMPANY, as Security Trustee**

ATTEST:

By \_\_\_\_\_  
Its Vice President

\_\_\_\_\_  
Corporate Trust Officer



STATE OF CONNECTICUT     )  
                                      ) SS  
COUNTY OF HARTFORD     )

On this \_\_\_\_ day of \_\_\_\_\_, 198\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that she is an authorized officer of THE CONNECTICUT NATIONAL BANK, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

(SEAL)

My commission expires:

STATE OF MARYLAND     )  
                                      ) SS  
CITY OF BALTIMORE     )

On this \_\_\_\_ day of \_\_\_\_\_, 198\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is a Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

(SEAL)

My commission expires:

**DESCRIPTION OF UNITS**

# AMORTIZATION SCHEDULE

(Payments Required Per \$1,000,000 Principal Amount  
of Series A Secured Term Notes Issued by Debtor)

NOTES ISSUED ON CLOSING DATE: \_\_\_\_\_  
UNDER PARTICIPATION AGREEMENT \_\_\_\_\_

<u>Number of Installment</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Out- standing Principal</u>
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					

### AMORTIZATION SCHEDULE

(Payments Required Per \$1,000,000 Principal Amount  
of Series B Secured Term Notes Issued by Debtor)

NOTES ISSUED ON CLOSING DATE: \_\_\_\_\_  
UNDER PARTICIPATION AGREEMENT \_\_\_\_\_

<u>Number of Installment</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Out- standing Principal</u>
1					
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## AMORTIZATION SCHEDULE

FOR PURPOSES OF CALCULATING STIPULATED LOSS VALUE PAYMENTS

(Based upon \$1,000,000 Principal Amount  
of Series A Secured Term Notes Issued by Debtor)

Group A  
Series \_\_\_\_

<u>Number of Installment</u>	<u>Portion Payment Date</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Out- standing Principal</u>
1					
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16					

## AMORTIZATION SCHEDULE

FOR PURPOSES OF CALCULATING STIPULATED LOSS VALUE PAYMENTS

(Based upon \$1,000,000 Principal Amount  
of Series B Secured Term Notes Issued by Debtor)

Group B  
Series \_\_\_\_

<u>Number of Installment</u>	<u>Portion Payment Date</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Out- standing Principal</u>
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